

## SUBCOMMITTEE: SUBCOMMITTEE #3

HOUSE BILL NO. 1664

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Labor and Commerce

on \_\_\_\_\_)

(Patrons Prior to Substitute--Delegates Hayes and Lindsey [HB 1607])

A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:11, relating to electric utilities; development of offshore wind generation facilities.

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding a section numbered 56-585.1:11 as follows:**

**§ 56-585.1:11. Development of offshore wind generation facilities.**

A. In order to meet the Commonwealth's clean energy goals, prior to December 31, 2034, the construction or purchase by a public utility of one or more offshore wind generation facilities located in federal waters that interconnect directly into the Commonwealth with an aggregate capacity of up to 5,200 megawatts is in the public interest and the Commission shall so find, provided that no customers of the utility shall be responsible for costs of any such facility in a proportion greater than the utility's share of the facility.

B. 1. Construction by a Phase II Utility, as defined in subdivision A 1 of § 56-585.1, of one or more new utility-owned and utility-operated generating facilities utilizing energy derived from offshore wind and located off the Commonwealth's Atlantic shoreline, with an aggregate rated capacity of not less than 2,500 megawatts and not more than 3,000 megawatts, along with electrical transmission or distribution facilities associated therewith for interconnection. The costs of any such facilities, including the costs of electrical transmission or distribution facilities associated therewith for interconnection, are deemed to be reasonably and prudently incurred and, notwithstanding any other provision of this title, including subsections C and D of § 56-585.1, shall be approved for recovery by the Commission, provided that (i) the utility has commenced construction of such facilities for U.S. income taxation purposes prior to January 1, 2024, or has a plan for such facility or facilities to be in service prior to January 1, 2028, and

(ii) the project's projected levelized cost of energy, on a cost per megawatt hour basis, does not exceed two times the comparable cost of a gas combustion turbine generating facility as expressed in the Phase II Utility's most recently filed integrated resource plan with the Commission.

2. Any such costs proposed for recovery through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 shall be allocated to all customers of the utility, other than low-income residential customers, in the Commonwealth as a non-bypassable charge, irrespective of the generation supplier of any such customer. No electric cooperative customer of the utility shall be assigned, nor shall the utility collect from any such cooperative, any of the costs of such facilities, including electrical transmission or distribution facilities associated therewith for interconnection. For purposes of this subdivision, "low-income residential customer" includes any residential customer household of a Phase II Utility where the customer or a dependent is receiving benefits from or is a participant in the Low Income Home Energy Assistance Program, Medicaid, the Supplemental Nutrition Assistance Program, the State Children's Health Insurance Program, the Special Supplemental Nutrition Program for Women, Infants, and Children, or the Housing Choice Voucher Program and requests exemption from the utility from such charges. The Commission may promulgate such rules, regulations, or other directives necessary to administer the eligibility for this exemption.

C. In constructing any such facility described in subsection A, the utility shall (i) identify options for utilizing local workers; (ii) identify the economic development benefits of the project for the Commonwealth, including capital investments and job creation; (iii) consult with relevant governmental entities, including the Commonwealth's Chief Workforce Development Officer and the Virginia Economic Development Partnership, on opportunities to advance the Commonwealth's workforce and economic development goals, including furtherance of apprenticeship and other workforce training programs; and (iv) give priority to the hiring of local workers.

D. Any project constructed or purchased pursuant to subsection A shall (i) be subject to competitive procurement or solicitation for the majority of services and equipment associated with the facility's construction, (ii) involve at least one experienced developer, and (iii) demonstrate the economic development benefits within the Commonwealth, including capital investments and job creation. A utility

54 may give appropriate consideration to suppliers and developers that have demonstrated successful  
55 experience in offshore wind.

56 E. Any project shall include an environmental and fisheries mitigation plan for the construction  
57 and operation of such offshore wind facilities, provided such plan includes an explicit description of the  
58 best management practices the bidder will employ that are informed by the latest science at the time the  
59 proposal is made that will avoid, minimize, and mitigate any impacts to wildlife, natural resources,  
60 ecosystems, and traditional or existing water-dependent uses.

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